

Division of Consumer Affairs

News Release

STATE OF TENNESSEE FILES SUIT AGAINST MULTI-LEVEL MARKETING FIRM

FOR IMMEDIATE RELEASE

December 9, 1997

The State of Tennessee today filed suit against a Knoxville-based multi-level marketing firm for allegedly engaging in unfair and deceptive conduct in violation of the Tennessee Consumer Protection Act.

In the lawsuit filed in Knoxville Chancery Court, the Tennessee Attorney General's Office and the Tennessee Division of Consumer Affairs allege that Strategic Telecom Systems, Inc. (STS) violated the Tennessee Consumer Protection Act by allegedly:

- misrepresenting the potential and expected earnings of new STS independent representatives;
 - failing to timely process refunds to its independent representatives;
- selling prepaid long distance telephone cards that do not work or expire within an unreasonably short period of time;
 - misrepresenting the market value of STS prepaid telephone cards;
 - employing an illegal chain referral sales plan;
- selling and offering to sell the right to participate in a pyramid distributorship; and
 - engaging in other unfair and deceptive conduct.

The State is asking the Court for an injunction, civil penalties and restitution for consumers in addition to other relief. A copy of the complaint is available at the [Formal Actions](#) Internet address of this site.